

TAB Y

Program Memorandum Intermediaries/Carriers

Department of Health and
Human Services (DHHS)
HEALTH CARE FINANCING
ADMINISTRATION (HCFA)

Transmittal AB-00-115

Date: NOVEMBER 17, 2000

CHANGE REQUEST 1447

This Program Memorandum (PM) supercedes PM AB-00-86, Change Request 1232, dated September 8, 2000.

SUBJECT: Source of Average Wholesale Price Data in Pricing Drugs and Biologicals Covered by the Medicare Program

This PM suspends, until further notice, PM AB-00-86, dated September 8, 2000.

This is to notify you that you should **NOT** use the Department of Justice (DOJ) data attached to PM AB-00-86 in your next update of Medicare payment allowances for drugs and biologicals. Instead, until further notice, you should delay use of this new source of average wholesale price (AWP) and use the AWP data from your usual source.

While we continue to believe that the AWP's reported in the usual commercially available sources are inaccurate and inflated above the true wholesale prices charged in the marketplace, congressional action may preclude the use of this alternative source. To avoid the disruption that would result from a decrease in payment allowances followed by an immediate increase due to final congressional action, we are deferring the use of the DOJ AWP data until further notice.

The effective date for this PM is upon receipt.

The implementation date for this PM is November 17, 2000.

These instructions should be implemented within your current operating budget.

This PM may be discarded after December 31, 2001.

If you have any questions, contact Robert Niemann at (410) 786-4569.

Defendants' Exhibit

1093

01-12257 - PBS

HCFA-Pub. 60AB